



Navistar, Inc.
4201 Winfield Road
Warrenville, IL 60555 USA

P : 630-753-5000
W : navistar.com

John V. Mulvaney, Sr.
VP, Finance Special Projects

Ms. Janis Bair
Executive Director
26301 Curtiss-Wright Parkway
Suite 105
Richmond Hts., OH 44143

April 6, 2011

Dear Ms. Bair:

I have enclosed the Schedule of Calculation of Qualifying Profits under the terms of the Supplemental Benefit Trust Profit Sharing Plan under the Navistar, Inc. Retiree Supplemental Benefit Program for fiscal year 2010, with independent auditors' report thereon. I have also included a schedule that reconciles the components of the audit report to our published Form 10-K filed with the SEC for fiscal year 2010.

As indicated by the report the level of Qualifying Profits in 2010 was insufficient to generate a payment to the Trust. Additionally, I would remind the committee that prior to the restatement of the company's results for fiscal 2004 a payment of \$1,409,000 was made to the Trust in February 2005 for the 2004 plan year that would not have been made if the restated 2004 results had been known. The Company intends to fully recoup such overpayment in the future at such time Qualifying Profits warrant a payment by offsetting the 2004 overpayment against any future payments until the 2004 overpayment is fully recovered.

If you have any questions relating to the report for 2010, please contact me at Navistar, Inc., 4201 Winfield Road, P.O. Box 1488, Warrenville, IL 60555 (630) 753- 3496; please provide a copy of any correspondence to Mr. Morris.

Very truly yours,

John V. Mulvaney, Sr.
Vice President, Finance Special Projects

Cc:

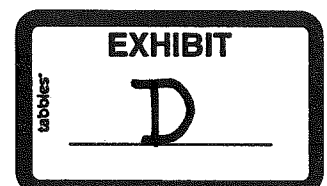
Navistar, Inc.:

Messrs. Troy Clarke, Gary Holdren, Jeffrey Dash, R. Barry Morris, Shayne Gibbons, and Ms. Sima Patel

Mr. David Radelet, Franczek Radelet P.C.

Mr. Cary Perlman, Latham & Watkins, LLP

Mr. Bob Mikulan, UAW



Navistar, Inc.
Supplemental Trust Profit Sharing Calculation
For the Year Ended October 31, 2010
(S000)

| | 2010 | Pre-Tax Pre-P/S Income | After-Tax Net Income | Memorandum of Understanding Reference |
|---|---------------------------------------|------------------------------|----------------------------|---|
| Profit Sharing Entities: | | | | |
| Navistar, Inc. (Previously ITEC) | \$ (736,082,030) | Yes | | 5.2.1, 5.2.4 |
| Export Company | - | Yes | | 5.2.1 |
| Overseas Company | (1,122,102) | Yes | | 5.2.1 |
| Indianapolis Casting Corporation | 5,683,369 | Yes | | 5.2.1 |
| GVW Workhorse Custom Chassis LLC (UAW) | (23,054,420) | Yes | | 5.5.1 |
| IC Corporation (Conway, Arkansas) | (11,033,185) | Yes | | 5.5.1 |
| Pre-Tax Income (Loss) of Navistar, Inc. Continuing U.S. Operations Before Provision for Profit Sharing and Bonuses | \$ (765,608,370) | | | |
| Navistar International Corporation (NIC, Holding Company) | (60,548,543) | Yes | | 5.2.1, 5.2.4 |
| Minority Interest | (44,054,058) | | | |
| Pre-Tax Income (Loss) of Navistar, Inc. Continuing U.S. Operations Before Provision for Profit Sharing and Bonuses and Adjustments | \$ (870,210,971) ^c | | | |
| Entities not part of UAW calculation (a) | | | | |
| Entities not part of UAW including Foreign locations | \$ 1,106,889,879 | | | 5.5.1, 5.2.4, 5.5.3, 5.2 |
| Foreign locations not part of ST calculation | \$ (127,088,879) | | | 5.5.2, 5.5.3, 3.1 |
| Provision for Taxes in ST entities | (323,659,908) | | | |
| Net Income of Entities not part of UAW Calculations | \$ 656,141,092 ^d | | Yes | |
| Profits (Losses) Eligible for Profit Sharing before Adjustments | \$ (214,069,879) ^{c+d+e} | | | |
| Adjustments | | | | |
| Net Income Navistar Financial Corporation (NFC) | 68,570,249 ^f | | Yes | 5.3 |
| Medicare Act | (17,236,000) ^g | No | | Various |
| (Gain) / Loss on Disposal of Assets | (5,292,313) ^h | No | | |
| Profits (Losses) Eligible for Profit Sharing | \$ (168,027,943) ^{c+f+g+h+y} | | | |
| Addbacks to reconcile to Annual Report | | | | |
| Taxes on NFC | \$ 36,067,114 | | | |
| Foreign locations not part of ST calculation | \$ 127,088,879 | | | |
| Taxes on UAW Non-Profit Sharing entities | 323,659,908 | | | |
| Medicare Act | 17,236,000 | | | |
| (Gain) / Loss on Disposal of Assets | 5,292,313 | | | |
| Non-consolidated Income | (32,569,554) | | | |
| Minority Interest | 44,054,058 | | | |
| Profit Sharing and Bonus Payment Accruals (PS/ST/AT) | (63,065,048) | | | |
| Total | \$ 457,763,671 ^z | | | |
| Pre-Tax Income including Minority Interest | \$ 289,735,728 ^{y+z+j} | | | |
| Income Tax (Expense)/Credit | (23,047,703) | | | |
| Minority Interest | (43,658,530) | | | |
| Net Income (Loss) from Continuing Operations | \$ 223,029,495 | | | |

| | |
|--|---------------------|
| Reconciliation to audited financial statements (in millions): | |
| Income (loss) from before income taxes | \$ 290 ⁱ |
| Income tax (expense) | (23) |
| Net Income (loss) | \$ 267 |
| Less: Net Income attributable to non-controlling interest | \$ (44) |
| Net Income (loss) attributable to Navistar International Corporation | \$ 223 |

(ii) Audited Industries:

Atreides Financial Navistar, S.A. de C.V., SOFOM (AFN) merged into Navistar Financial, S.A. de C.V., SOFOM E.N.R., in fiscal 2008;

MWM International Indústria de Motores da América do Sul Ltda. (Brazil) and includes ICN/USA/Mexico;

Navistar Canada, Inc. (name changed from International Truck and Engine Company of Canada in fiscal 2008);

Navistar International Transportation de Colombia, Ltda. (dissolved fiscal 2010);

International Dealers Operations, Ltd. (including Masdin International Parts and Services of Daytona Beach, LLC);

Harbor Assurance Company of Bermuda, Ltd.;

Hearst International;

IC Corp. Tulsa (aka IC Dura of Oklahoma, LLC);

Navistar Diesel of Alabama, LLC (name changed from International Diesel of Alabama, LLC in fiscal 2008);

International Engines Germany GmbH;

International Truck and Engine Investments Corporation;

International of Mexico Holding Company;

Navistar Diesel Components, Inc. (Dissolved fiscal 2009);

Navistar Acceptance Corporation, Ltd. (NAAC);

Navistar Aftermarket Products, Inc. (NAVAPTRP);

Navistar Advanced Technologies International (NAI);

Navistar Commercial, S.A. de C.V.;

Newstream Enterprises, LLC;

NI P, Inc.;

Servicios Financieros Navistar, S.A. de C.V. (SFN) name changed to Navistar Financial, S.A. de C.V., SOFOM E.N.R., in fiscal 2008;

STF Truck Company, LLC;

Workhorse International Holding Company;

Uptown Parts, LLC;

Navistar International Employee Leasing Company (name changed from IIE Employee Leasing in fiscal 2008);

Navistar Industrial, LLC;

Minaco RV, LLC;

Riac Diamond Parts

¹ Continental Manufacturing Co

² Navistar Motor Electric Vehicle Alliance (NMEVA)

³ Pace Power Technologies, LLC - Finghe

⁴ Navistar Korea Limited

⁵ Navistar Hong Kong Ltd Co

⁶ Navistar (Shanghai) Trading Co Ltd - China - Truck

* New for 2010



NAVISTAR, INC.

**Schedule of Calculation of Qualifying Profits under the terms of the
Supplemental Benefit Trust Profit Sharing Plan under the Navistar, Inc.
Retiree Supplemental Benefit Program**

Year ended October 31, 2010

(With Independent Auditors' Report Thereon)



KPMG LLP
303 East Wacker Drive
Chicago, IL 60601-5212

Independent Auditors' Report

The Board of Directors
Navistar, Inc.:

We have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements of Navistar International Corporation (the Corporation) as of and for the year ended October 31, 2010, and have issued our report thereon dated December 21, 2010. We have also audited the accompanying Schedule of Calculation of Qualifying Profits (the Schedule) under the terms of the Supplemental Benefit Trust Profit Sharing Plan (the Plan) under the Navistar, Inc. Retiree Supplemental Benefit Program for the year ended October 31, 2010. The Schedule is the responsibility of the management of Navistar, Inc., a wholly owned subsidiary of the Corporation (the Company). Our responsibility is to express an opinion on the Schedule based on our audit.

We conducted our audit of the Schedule in accordance with the auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

We have been informed that the document that governs the determination of Qualifying Profits is the Plan under the Navistar, Inc. Retiree Supplemental Benefit Program, which forms part of the Amended and Restated Shy Settlement Agreement dated June 30, 1993 (the Agreement). Management of the Company has interpreted the Agreement in a manner that excludes the Medicare Part D subsidy from the determination of Qualifying Profits.

In our opinion, the Schedule referred to above presents fairly, in all material respects, the calculation of Qualifying Profits for the year ended October 31, 2010, in accordance with the provisions of the Plan referred to above.

This report is intended solely for the information and use of the board of directors and management of Navistar, Inc. and persons subject to the Agreement and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

Chicago, Illinois
March 22, 2011

NAVISTAR, INC.

**Schedule of Calculation of Qualifying Profits under the terms of the
Supplemental Benefit Trust Profit Sharing Plan under the Navistar, Inc.
Retiree Supplemental Benefit Program**

Year ended October 31, 2010

(Dollars in Thousands)

| | |
|--|----------------------------|
| Pre-tax income (loss) of continuing Covered Operations, and net income (loss) of businesses acquired after the Effective Date by a Covered Operation, before provision for profit sharing and bonuses of Navistar, Inc., as defined by the Supplemental Benefit Trust Profit Sharing Plan (note 1) | \$ (214,070) |
| Net income of Navistar Financial Corporation and its subsidiaries | 68,570 |
| Exclude Medicare Part D subsidy | (17,236) |
| Exclude net gains on sales of property and investments | <u>(5,292)</u> |
| Qualifying profits for the year ended October 31, 2010 | \$ <u><u>(168,028)</u></u> |

See accompanying independent auditors' report.

See accompanying Note to Schedule of Calculation of Qualifying Profits under the terms of the Supplemental Benefit Trust Profit Sharing Plan under the Navistar, Inc. Retiree Supplemental Benefit Program.

NAVISTAR, INC.

**Note to Schedule of Calculation of Qualifying Profits under the terms of the
Supplemental Benefit Trust Profit Sharing Plan under the Navistar, Inc.
Retiree Supplemental Benefit Program**

Year ended October 31, 2010

1. The Supplemental Benefit Trust Profit Sharing Plan forms part of the Navistar, Inc. Retiree Supplemental Benefit Program, which forms part of the Amended and Restated Shy Settlement Agreement dated June 30, 1993.